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FISCAL IMPACT STATEMENT

LS 6303
BILL NUMBER: SB 152

NOTE PREPARED: Nov 23, 2002
BILL AMENDED:

SUBJECT: Tax Deduction for Accessibility Improvements.

FIRST AUTHOR: Sen. Miller
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED:
GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a property tax deduction for residential property features necessary to improve the accessibility of the property to a handicapped person.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The state levies a tax rate for State Fair and State Forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds. The maximum annual revenue reduction under this proposal is estimated at about $1,600**.**

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under the proposal, the assessed value of accessibility enhancements would be fully deductible if the value is determinable from entries on the property record card. The improvements would have to improve the accessibility of the homeowner, their spouse, or their dependent in order to qualify for the deduction.

According to Census survey data, approximately 1.2% of the nation's population is wheelchair dependent. It is also estimated that accessibility modifications add no more than 2% to the cost of a building. Although it is unlikely that the property record card would contain specific valuation information for each accessibility modification, the 2% of cost estimate will be used in this analysis as the maximum estimated impact.

This proposal would first take effect with taxes payable in 2005. The 2004 Pay 2005 state total residential assessed value is estimated at about $196 B. Assuming that 1.2% of this valuation is attributable to families with wheelchair-bound persons, the assessed value of their homes is estimated at $2.4 B. Further assuming that up to 2% of the assessed value of these homes could be deductible, the maximum AV deduction under this proposal is estimated at $47.2 M.

Additional deductions reduce the assessed value tax base. This causes a shift of the property tax burden from the taxpayers receiving the deductions to all taxpayers in the form of an increased tax rate. A $47.2 M reduction in assessed value would cause an estimated $0.0003 increase in the statewide average net tax rate in CY 2005. This translates into a property tax shift of about $930,000.

Total local revenues, except for cumulative funds, would remain unchanged. The revenue for cumulative funds would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County Auditors.

Information Sources: U.S. Dept. of Commerce, Bureau of the Census; Local Government Database.

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